

FCC 79-299

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

Financial Qualifications Standards

May 11, 1979

THE COMMISSION ISSUED THE FOLLOWING PUBLIC NOTICE:

New Financial Qualifications Standard for Broadcast Television Applicants

The Commission has modified the financial qualifications standard for parties applying for new television stations and for transferees of "bare" television construction permits for stations not yet built or in operation. This action follows a similar revision in the financial requirement for aural applicants which was adopted July 27, 1978. The new television standard requires that applicants demonstrate sufficient capital to construct the station and then operate for 90 days without advertising or other broadcast revenue.

This new standard replaces the current financial requirement for construction and operating costs for one year without revenues which was first announced in *Ultravision Broadcasting Company*, FCC 65-581, 1 FCC 2d 544 (1965) and an associated Public Notice (1 FCC 2d 550). The one year *Ultravision* test was originally adopted to deal with UHF applications at a time when UHF development had not progressed very far and thus the viability of UHF stations was considered unsure.

Based on recent economic developments in the television industry, especially in the UHF sector, and the changing desire of the Commission to ease barriers to entry for minorities and others, we believe that the one year standard is no longer necessary or desirable for television. The economic development of UHF television has progressed to a point where many of the uncertainties that once characterized the viability of individual stations are no longer present. The conservative standard also conflicts with Commission policies favoring minority ownership and diversity because its stringency may inhibit potential applicants from seeking broadcast licenses and permits.

Our decision to adopt the 90 day standard is based on the conclusion that an applicant must demonstrate sufficient capital to cover construction costs and operation costs in the initial start-up period between commencement of broadcast operations and the point in time

where advertising accounts begin to remit payments. We believe that the 90 day standard will adequately serve this purpose.

The new construction costs plus 90 day operating capital requirement will apply to all applications for new television stations now pending before the Commission as well as to those filed on and after the date of this Notice.

Action by the Commission May 10, 1979. Commissioners Ferris (Chairman), Lee, Quello, Washburn, Fogarty, Brown and Jones.